

Accounting for General Long-Term Debt in the Proprietary and Fiduciary Funds

The following guidance is included for the benefit of those LEAs that have not yet implemented the new governmental reporting model established by GASB 34. In the new model, some of the fund names and types will change (for further information see Procedure 202). Also, in the new reporting model, the Long-Term Debt Account Group is eliminated. Instead, long-term liabilities are reported in the government-wide statement of net assets, and a schedule of long-term debt is included in the notes to the financial statements.

Expendable Trust Funds

Expendable trust funds are accounted for in essentially the same manner as governmental funds. Accordingly, long-term obligations directly related to and expected to be paid from expendable trust funds should be reported in the general long-term debt account group.

Proprietary Funds and Nonexpendable Trust Funds

Proprietary funds and nonexpendable trust funds are accounted for through the use of the same flow of economic resources measurement focus and full accrual basis of accounting used by commercial enterprises. Long-term obligations directly related to enterprise funds, internal service funds, and nonexpendable trust funds and expected to be repaid from those funds should be reported as liabilities of those funds and not in the general long-term debt account group.

Even though some enterprise fund debt may be a “general obligation” of the LEA, it should still be reported in the enterprise fund if it was issued for enterprise fund purposes and is expected to be repaid from enterprise fund resources. The expected source of repayment rather than the security interest for the debt is the determining factor in classification as an enterprise fund liability.

